

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON AT TACOMA

STEVEN C. CLIFT,

Plaintiff,

v.

UNITED STATES of AMERICA

Defendant.

NO. C16-5116 BHS

PLAINTIFF'S SECOND AMENDED
COMPLAINT

Plaintiff, STEVEN C. CLIFT, pro se, amends his Complaint as authorized by the Court's July 5, 2016 Order (Dkt. 18), and alleges:

PARTIES

1. Plaintiff Steven C. Clift ("Mr. Clift") is a natural person who resides at 11220 – 89th Ave. Ct. East, Puyallup, Washington 98373.

2. Defendant United States of America ("Defendant") is a governmental entity which controls the Internal Revenue Service ("IRS"). Defendant is responsible for the actions and omissions of the IRS. Defendant is the proper defendant for claims against the IRS. Upon information and belief, Defendant maintains offices through the US Attorney at 700 Stewart Street, Suite 5220, Seattle, Washington 98101 or 1201 Pacific Avenue, Suite 700, Tacoma, Washington 98402.

JURISDICTION & VENUE

3. The above-entitled Court has original subject matter jurisdiction over this action pursuant to 28 U.S.C. § 1331 and § 1346.

4. The above-entitled Court has personal jurisdiction over the Defendant.

5. Venue is proper in the above-entitled Court pursuant to 28 U.S.C. § 1391(b), as a substantial part of the events or omissions giving rise to the claims occurred within the Western District of Washington.

FACTS

6. Mr. Clift filed federal income tax returns for approximately 1995 through 2008. The Defendant, through its IRS, declared some or all of these returns to be “frivolous” under 28 U.S.C. § 6702.

7. Defendant, through its IRS, levied the Social Security Administration and seized Mr. Clift’s retirement benefits. The amount seized is greater than the amount authorized by law which is a violation under § 7433 and 26 USC 6331(h). ***Exhibit 1.***

8. The question of statute of limitations running is resolved with claims being made with Plaintiff’s letter of May 31, 2008 mailed certified and received June 10, 2008. Taxpayer argued the point concerning the frivolous returns within the timeframe of the statute because the first time the issue of frivolous returns really came up were in form letters (form letter 3176) dated May 2008. ***Exhibit 2***

9. Another administrative claim was made. ***Exhibit 3*** is a letter to IRS on September 25, 2009 which sets out this claim under 26 USC § 7433. There is no evidence that the IRS ever responded to that claim, which is a continuing claim. Failure to respond to the claim is generally tantamount to an agreement; but in any case it was made and time exhausted the opportunity for the IRS to claim failure to exhaust the administrative claim process. There may be an argument about how the claim was made and that it may not have been in the normal

1 course of events that would be done by an experienced tax law attorney. On or about February
2 18, 2014, Mr. Clift filed an administrative claim for damages under 26 U.S.C. § 7433. The
3 claim was appropriately served via certified mail on the Area Director of IRS, the Treasury
4 Inspector General for Tax Administration, and the IRS Chief Counsel, among others. Despite
5 receiving the administrative claim, the IRS failed to respond to the claim again. No argument
6 by counsel for IRS as to the fact that such claim was made.

7 10. The term “frivolous” is a statutorily defined legal term, created by 26 USC 6702.
8 To declare a return “frivolous” is to assert that it explicitly meets all of the conditions laid out in
9 that statute to be “frivolous”. It will be quite easy to demonstrate that plaintiff’s returns are
10 proper under the law and that, as such, these returns, whether claiming a refund or not, do not
11 meet the statutory definition of “frivolous”. The standards to determine “frivolous returns” are
12 set out at *Exhibit 4*.

13 11. Now tying the issue of “frivolous” into a violation of law and grounds for this
14 complaint, one must understand fully that simply making the decision without following the
15 rules, allows unjust collection or levy against the taxpayer which gives rise to a violation of the
16 “unauthorized collection actions under § 7433. It allows the IRS to levy more than allowed under
17 IRC § 6331(h)(2)(A). In this case from the proper 15% to 100% (in excess of \$80,000 todate).
18 We find a disagreement with counsel that a taxpayer must prove the IRS did not follow the
19 prescribed methods of procuring assets. The burden of proof as stated in §6703 states: “any
20 proceeding involving the issue of whether or not any person is liable for penalty under §6702,
21 the burden of proof with respect to such issue shall be on the Secretary.” The Secretary has not
22 sustained that burden, nor ever responded to an administrative claim.

23 12. So once plaintiff has made the allegation that the determination of frivolous
24 returns was improper, the burden shifts to the secretary to give ample evidence that all of the
25

1 requirements under the IRS rules and regulations have been met. In this particular case plaintiff
2 absolutely pleads that there were never any allegations or documentation explanations of why
3 the returns were determined to be frivolous; only that the returns were frivolous made in a
4 vacuum. Please see *Exhibit 2* letter dated September 25, 2009.

5 13. The only issue we are looking at under §7433 is whether this is an “improper
6 assessment” or an “improper collection activity”. We are not arguing there is an improper
7 assessment; we are arguing that there was and continues to be an improper collection practice.
8 To borrow language from the Shaw case, (Shaw v US 20 F3rd. 182 (1994)) which states,
9 interalla,a taxpayer may sue the government only if “in connection with any collection of
10 federal tax and with respect to a collection practice, any officer or employee of the IRS
11 recklessly or intentionally disregards any provision of this title or any regulation promulgated
12 under this title that...” 26 USC §7433 (a). The allegation is simply that the IRS did engage in
13 “improper collection procedures” in violation of § 7433 and thus there is a claim and authority
14 to sue the government.

15 14. The single issue that the plaintiff wants this court to rule on is whether or not the
16 failure to follow the correct procedures to make the determination that a tax return is “frivolous”
17 has recklessly or intentionally disregarded the provision of the IRS code or its regulations
18 thereunder that set out how and what is a “frivolous” return. The IRS stated to the taxpayer “we
19 have determined that the information you filed as a return of a tax or purported return on June
20 11, 2007 is “frivolous” and there is no basis in the law for your position”. Under IRS § 6703 --
21 rules applicable to penalties under sections....6702 (frivolous return) we find “the burden of
22 proof in any proceeding involving the issue of whether or not any person is liable for penalty
23 under section... 6702, the burden of proof with respect to such issue shall be on the
24 government.”
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15. Plaintiff desires this matter will go before the court with a Declaratory Judgment action to make a determination if in fact: “any officer or employee of the Internal Revenue Service recklessly or intentionally disregards any provision of the title this title or any regulation promulgated under this title”. If then in fact, it is found that such is the case, then this title of “frivolous” goes away and the claim for reimbursement of the Social Security funds which have been erroneously levied are returned and the levy if any such should remain, will not exceed the 15%. The fight for any past due taxes if any should exist or any refunds for taxes paid should exist will be fought out in court all of the penalties and interest and costs allocated to the “frivolous” returns will be withdrawn. And such reduction will require the agency to revise its collection statement.

CAUSES OF ACTION

1. CLAIM FOR DAMAGES

16. Defendant’s actions, through its IRS and its employees acting in the course and scope of their employment, constitute unlawful policies, practices, or acts. These actions also deprive Mr. Clift of protections granted under the United States Constitution, including without limitation due process of law. Mr. Clift has been damaged by these actions, including loss of social security benefits and the “frivolous” tax return invalid determination has damaged his reputation and credit. Mr. Clift is entitled to relief pursuant to 26 U.S.C. § 7433.

2. CLAIM FOR REFUND

17. Defendant’s actions, through its IRS and its employees acting in the course and scope of their employment, resulted in social security funds erroneously or illegally collected, and penalties collected without authority. These sums were also excessive and wrong-fully collected. Mr. Clift is entitled to a repayment of excess funds levied.

REQUESTED RELIEF

Mr. Clift respectfully requests the Court:

1. Grant Judgment in his favor;
2. Award damages;
3. Order Defendant to refund unlawfully collected amounts or other restitution;
4. Order injunctive relief necessary;
5. Declare that IRS illegally levied against social security benefits in excess of 15%;
6. Award fees and costs as authorized by statute, contract, or equitable basis; and
7. Grant such other relief the Court deems just and equitable.

Respectfully submitted this 4th day of November, 2016.



STEVEN C. CLIFT
Plaintiff
11220 – 89th Ave. Ct. East
Puyallup, WA 98373
253-312-8826

EXHIBIT 1

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EXHIBIT 1

The following is an excerpt from the Internal Revenue Manual concerning the Automated Levy Programs. It is quite clear that this document is the "rule" the IRS agents must take and abide by under the continuing levy on certain payments which specifically include levies on Social Security. This is authorized by 26 U.S.C. § 6331 (h) . Subsection a of that code provision is a general provision for levies; subsection H is a specific levy issue for Social Security which takes superior position over that of the general subsection a. We agree with the court's footnote #4 on page 8 of said order.

5.11.7.2.1 (09-23-2016)

Levy Authority and Background

1. IRC § 6331(h), Continuing levy on certain payments, as prescribed by the Taxpayer Relief Act of 1997 (Public Law 105-34) Section 1024, authorizes the IRS to issue continuous levies on payments referred to as "specified payments."
2. The FPLP was developed as the automated means intended to administer this law; therefore, no paper levy documents (Form 668-A or Form 668-W) should be served to effectuate a levy under this statute. The federal agencies participating in this automated levy program process understand how this levy statute is administered and that the service of a paper levy document is the means of levy intended under IRC § 6331(a) and/or (e).
3. The law allows up to fifteen percent (15%) of Specified payments to be levied. Specified payments under IRC § 6331(h)(2)(A) include any federal payment other than a payment for which eligibility is based on the income and/or assets of a payee. Specified payments, under IRC § 6331(h)(2)(C), includes any annuity or pension under the Railroad Retirement Act, or benefit under the Railroad Unemployment Insurance Act. The payments subject to 15% in the FPLP are discussed in the next section. IRM 5.11.7.2.1.1. IRS/BFS Interagency Agreement - Federal Payments Subject to the FPLP.

IRC § 6331(h)(3) allows an increase of this continuous levy for up to one hundred percent (100%) of any specified payment due to a vendor of property, goods or services sold or leased to the Federal government. The 100% levy increase is incorporated into the FPLP for federal contractor/vendor payments. IRM 5.11.7.2.1.1. IRS/BFS Interagency Agreement - Federal

EXHIBIT 2

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Exhibit 1
Page 1 of 1

STEVEN C. CLIFT
11220 – 89TH AVE. CT. EAST
PUYALLUP, WA 98373
253-312-8826

CERTIFIED MAIL 7008 0150 0002 1975 0104

To: Internal Revenue Service
Attn.: Dennis Parizek
1973 North Rulon White Blvd.
Ogden, UT 84404-0040

May 31, 2008

RE: Letters 3176, Dated May 19, 2008
Years 1995, 1996, 1997, 2003(copies attached)
TIN 538-42-3962

**NOTE: THIS LETTER IS TIME SENSITIVE AND REQUIRES
IMMEDIATE ATTENTION AND ACTION.**

Dear Mr. Parizek

I am writing in response to Four (4) Form Letters 3176 dated May 19, 2008 mailed under your name, Dennis Parizek, in which you are listed you as the "Person to Contact".

I realize that someone in your office has actually mailed the letters, all in one envelope, and not certified, just regular every day mail, however you are still responsible for these letter and have approved of their use.

Firstly, I want to thank you Mr. Parizek for providing to me additional written evidence of continuing IRS dereliction of duty, fraud, malfeasance and obfuscation. Your Letter 3176 reinforces the already voluminous evidence I have accumulated over the past 13+ years which clearly demonstrates that the IRS refuses to abide by the laws of this country and that employees of the IRS persist in committing crimes against me under the color of law. This will now include **YOU**, should you choose to ignore this demand letter and fail to act in accordance with the laws. All of these documents will come in very handy should I be required to initiate legal proceedings against you, personally, the other IRS employees who have conspired and abetted in these crimes against me. Whether that will be required or not is now up to you. You can either choose to abide by the law and process my legitimate demand for refunds of overpayments for the years in question, or we will litigate.

Let us start by saying that I found it almost comical that this Letter 3176 would state that:

"we have determined that the information you filed as a return of tax, or purported return of tax, on 06/11/2007 is Frivolous and there is no basis in the law for your position."

I am not surprised that the IRS would raise such a claim. In fact, I expected it as yet another desperate attempt by the IRS to evade the law and to ignore indisputable evidence that may happen to be contrary to its arbitrarily predetermined position.

Since the IRS has explicitly acknowledged the receipt of the returns with the issuance of Form 3176, I will refer you back to the returns if you have any question as to the amounts of overpayments that have been validated and substantiated therein.

It has now been 11 months since my returns were received by the IRS. I firmly believe that any sane person and competent legal authority would agree that the IRS has had plenty of time to process my returns and issue the refunds for my overpayments as substantiated by those returns. Now, I see the IRS attempting to evade the law by simply choosing to disregard the evidentiary content of my legitimate, legal filings.

As for the specific content of the Letter 3176, it is fraught with inaccuracies and inconsistencies including, but not limited to, the following:

Under the Heading **“Why We Are Contacting You”**

You state,

“ we have determined that the information you filed as a return of tax, or purported return of tax is frivolous and there is no basis in the law for you position. ”

May I remind you that the term “frivolous” is a statutorily defined legal term, created by 26 USC 6702. To declare a return “frivolous” is to assert that it explicitly meets **ALL** of the conditions laid out in that statute. It would be quite easily demonstrated that my returns were proper under the law and that, as such, these proper tax returns – whether claiming a refund or not – do NOT meet the statutory definition of “frivolous” (which can be summarized as “self-contradictory”). I do find it quite revealing, however, that **nowhere in this Letter 3176 does it explicitly state or infer that the underlying tax returns themselves, to which this form letter applies, are frivolous.** Therefore, the assertion of any 6702 violation seems quite indefensible even though the burden of proof for such defense clearly lies with the IRS:

Sec. 6703 – Rules applicable to penalties under sections....6702 (frivolous return)

(a) Burden of proof

In any proceeding involving the issue of whether or not any person is liable for a penalty under section 6700, 6702, or 6702, the burden of proof with respect to such issue shall be on the Secretary.

It also seems very clear that you, Mr. Parizek, have chosen to make such an arbitrary characterization of a legitimate evidentiary filing as a pretext for failing to incorporate the evidence contained in that filing into the IRS’ due process. Therefore, it seems that the IRS is thereby attempting to make the **content** of my testimony the issue here. This would seem to be an attempt on behalf of the IRS to defeat the statutory structure in which the overall revenue law operates in consistency with which structure the legal definition of “frivolous” is confined to purely mechanical aspects of my presentations of testimony. The determination of whether a return is “frivolous” extends solely to the question of whether a return constitutes a valid, cognizeable affidavit under the normal and logical standards by which such documents are judged – that is, neither contradicting itself, nor lacking some information upon which some something appearing on the affidavit itself purports to be based. It is not the rightness or wrongness of my filings that is at issue here. What **is** directly at issue is the IRS’s seeming refusal to take official notice of my legal and legitimate assertions and to incorporate those assertions into it’s calculations. This is continuing evidence of denial of my due process under the color of law, among other criminal offenses.

You state:

"Your information reflects a desire to delay or impede the administration of federal tax laws."

I completely reject your attempt to classify my legal, legitimate filing of accurate tax returns as a desire to delay or impede any law." No such desire was ever put forth or inferred by me then or now and the insinuation that any information provided by me is a willful misrepresentation of the facts. The facts are that I simply and accurately filed my tax returns based on the law as it is written and, therefore, I expect my returns to be honored and processed according to those laws. Nothing more and nothing less will be expected or tolerated.

Further more I have not taken any position as you indicated in your letter, I have only followed the law as it is written and filed a 1040 as required for a return of my money. I completely reject your attempt to classify my legal, legitimate filing of accurate tax returns as a "position". No such argument was ever put forth or inferred by me then or now and the insinuation that any such "position" was raised by me is a willful misrepresentation of the facts. The facts are that I simply and accurately filed my tax returns based on the law as it is written and, therefore, I expect my returns to be honored and processed according to those laws. Nothing more and nothing less will be expected or tolerated.

Under your heading **"What you Need To Do"**

Your letter goes on to state:

"Send us corrected return(s) for the taxable period(s) within 30 days of this letter. If you send us corrected return(s), we will disregard the previous document(s) filed and not assess the frivolous tax submissions penalty to each correct return filed."

This seems to be a overt attempt on your behalf to coerce me into changing my testimony.....written testimony that I submitted under penalty of perjury the content of which are absolutely true and correct as to every material matter under the law as it is written. ***This seems to be a clear attempt at subornation of perjury on behalf of the IRS and its employees, to which you are now a party and accessory.*** You and your employer may want to reconsider this position very carefully. I direct your attention to:

Title 18, Section 1512: Tampering with a witness, victim, or an informant

(b) Whoever knowingly uses intimidation, threatens, or corruptly persuades another person, or attempts to do so, or engages in misleading conduct toward another person, with intent to-

- (1) influence, delay, or prevent the testimony of any person in an official proceeding;**
- (2) cause or induce any person to -**
 - (A) withhold testimony, or withhold a record, document, or other object from an official proceeding.....**

It is clear to me that the IRS may not understand who it is dealing with. I can assure you that I **DO** know the tax law. I have researched it and studied it very thoroughly and very

carefully. My returns were filed in complete accordance with the tax law as it is written. Furthermore, there is a vast (and rapidly growing) body of evidence in the public domain to substantiate that the bases upon which my returns were completed are thoroughly valid and legal and that similar testimony has been acknowledged, accepted and upheld by the IRS (and other taxing agencies) in hundreds upon hundreds of other cases. I would welcome the opportunity to introduce such evidence, including the testimony of sworn witnesses, into any official proceedings that may be required in the future. All these things considered, it seems that it is **YOU** and the IRS that may need a refresher on the law.

I can assure you that I will never be cowed or intimidated by the brazen threats, intimidation tactics and continuing willful disregard for the law on the part of the IRS. I should not have to remind you or any other IRS employee that my claims for refunds of overpaid taxes are well within the provisions of the Code and the statutes behind them. Since you have not actually challenged or disputed my claims, seem disinclined to even make the attempt to do so, and appear to have no lawful authority under which to do so in any event, no meaningful occasion for supporting your position has arisen or can even be remotely inferred. Nonetheless, I will observe in that regard – and for your edification as well – that the laws reflected at 26 USC 6401(b)(1) and (c) state:

(b) Excessive credits

(1) In general

If the amount allowable as credits under subpart C of part IV of subchapter A of chapter 1 (relating to refundable credits) exceeds the tax imposed by subtitle A (reduced by the credits allowable under subparts A, B, D, and G of such part IV), **the amount of such excess shall be considered an overpayment.**

and:

(c) Rule where no tax liability

An amount paid as tax shall not be considered not to constitute an overpayment solely by reason of the fact **that there was no tax liability in respect of which such amount was paid.;**

that the “Subpart C of part IV of subchapter A of chapter 1”, to which 6401(b)(1) refers is:

Sec. 31 – Tax withheld on wages

(a) Wage withholding for income tax purposes

(1) In general

The amount withheld as tax under chapter 24 **shall be allowed to** the recipient of the income as a credit against the tax imposed by this subtitle.;

and that the language of 26 USC 6402(a) relevantly states rather unambiguously that:

(a) General rule

In the case of any **overpayment**, the Secretary, within the allowable period of limitations, may credit the amount of such overpayment, including any interest allowed thereon, against any liability in respect of an internal tax on the part of the person who made the overpayment **and shall, subject to subsections (c), (d), and (e), refund any balance to such person.**

That said, I further remind you, also for your edification, that 26 USC 7214(a) clearly states:

- (a) Unlawful acts of revenue officers or agents
Any officer or employee of the United States acting in connection with any revenue law of the United States –
- (1) **who is guilty of any extortion or willful oppression under color of law; or**
 - (2) **who knowingly demands other or greater sums than are authorized by law, or receives any fee, compensation or reward, except as by law prescribed, for the performance of any duty; or**
 - (3) **who with intent to defeat the application of any provision of this title fails to perform any of the duties of his office or employment:**

shall be dismissed from office or discharged from employment and, upon conviction thereof, shall be fined not more than \$10,000 or imprisoned not more than 5 years, or both. The court may in its discretion award out of the fine so imposed an amount, not in excess of one-half thereof, for the use of the informer, if any, who shall be ascertained by the judgment of the court. The court also shall render judgment against the said officer or employee for the amount of damages sustained in favor of the party injured, to be collected by execution.

If you are willing to put yourself in this perilous legal jeopardy, that is your choice.

Additionally, IRS "Publication 1" (Catalog number 64731W) states:

THE IRS MISSION

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by **applying the tax law with integrity and fairness to all.**

Since the position of the IRS continues to be one of non-response to my numerous and repeated requests for information and clarification and now includes the complete disregard for my legal filings of returns, it seems rather obvious that the IRS' position clearly lacks "integrity and fairness" and does not help me in any way to understand the fact or facts in this matter that you allege to be "frivolous". This course of action by the IRS does not afford me my right to equal protection under the law, nor does it afford me the right of due process under fundamental, common, equity, or other law. In fact, the generic form Letter 3176 is overzealous, excessively aggressive, and obviously meant to be intimidating. With these desperate tactics, by which is undertaken a deliberate attempt to mislead and intimidate lawful claimants, you and your employer are perilously close to outright fraud and other felonious actions.

IRM 13.1.15.2 (10-31-2004) states, in part:

The Taxpayer Bill of Rights II defines three elements of misconduct:

1. An employee violated a law, regulation, or rule of conduct...
2. An IRS system failed to function properly or within proper time frames...
3. An IRS employee treated a taxpayer inappropriately in the course of official business.

For example, rudeness, overzealousness, excessive aggressiveness, discriminatory treatment, and intimidation.

I firmly believe that **all three of these elements are present in my case.**

Furthermore, you have been hereby directly notified of these transgressions. It seems you now have a choice to make. May I remind you that IRM 13.1.15.3 (10-31-2004) states, in part:

RRA98 section 1203 – Employee Responsibilities

Employees should have a basic understanding of the conduct provisions of section 1203 as outlined in Document 11403 (05/99), RRA98 section 1203 Procedural Handbook. **You are also responsible for reporting allegations involving potential section 1203 violations to your manager for forwarding to the appropriate officials. Depending on the nature of the allegations, these officials may be management or TIGTA.**

The employee's manager is required to complete Form 12217 Section 1203 Allegation Referral Form, Exhibit 13.1.15 – 1, and determine if the case should be referred to TIGTA or management. Except for EEO and tax related issues, allegations relating to all Executives, Senior Level Managers (paybanded and supervisory GS-15s) and Criminal Investigation Employees must be directly referred to TIGTA....

I can assure you that any and all violations of statute and/or lawful procedure on your part and/or the part of your superiors and associates in this matter will be made known to the "IRS Commissioner's Complaint Processing and Analysis Group" and all other recourse under the law will be used to its fullest extent.

Furthermore, each and every "frivolous" or other penalty that is imposed against me without any basis in law and fact will be considered an "extortion or willful oppression under color of law" -- a violation of 26 USC 7214(a)(1).

Finally, IRS Publication 1 (Catalog number 6473W) states, in part:

The law generally provides for interest on (my) refund if it is not paid within 45 days of the date (I) filed (my) claim for refund.

Any further delays in processing my lawful claims for refunds of overpayment of taxes for years 1995, 1996, 1997 and 2003, after said 45 days, is now, and will be, considered intent on your part to defeat the application of the heretofore stated provisions of law, as well as all other provisions of Title 26 and the statutes behind them pertinent to this matter, thus causing a failure in the performance of the duties of your office or employment – a violation of 26 USC 7214 (a)(3).

You have 30 days from the date of receipt of this letter – as determined by the date stamped or written on the return receipt of this certified mailing – to fully and completely meet the following demands:

- 1.) **That a full and complete refund of all overpayments made to the IRS, as substantiated by my 1995, 1996, 1997, and 2003 tax returns, be processed and issued immediately. The amounts of these overpayments are as follows:**
Tax Year 1995= \$4,410.97 PLUS INTEREST
Tax Year 1996= \$2,903.93 PLUS INTEREST
Tax Year 1997= \$8,140.66 PLUS INTEREST
Tax Year 2003= \$8,393.30 PLUS INTEREST

It is my contention that the statutory period of 3-years from the date a tax return is due for refunds to be issued does not apply in this case since the IRS has continually refused to acknowledge or respond to my legitimate requests for information since early 1995, thus delaying the timely filing of my returns. I have voluminous evidence of this continued lack of response that I will be happy to introduce into legal proceedings, should that be required.


- 2.) That any and all penalties (including those for late filing, paying late, Civil Penalties, etc.) AND any interest associated with any amounts owed to the IRS be removed due to the IRS' repeated failure to respond to any of my legitimate requests for advice and clarification on specific issues relating to the tax laws since early in 1995.
- 3.) That I receive full, complete, detailed and accurate statements from the IRS showing all taxes for each of these years are now paid in full and that each of my accounts shows a ZERO balance being owed.
- 4.) That the Notices of Federal Tax Liens filed fraudulently and erroneously by the IRS against my assets and property be publicly removed immediately and that I receive notice from the IRS of such release of lien.

You are hereby notified that, should you and the IRS continue to ignore my lawful and legitimate demands or continue your obvious delay tactics and willful evasion of the law, I will take action under authority of every applicable provision of law afforded me. This includes, but may not be limited to:

- 1.) Referral of the evidence of crimes committed against me under the color of law (such as mail fraud, willful oppression, extortion, fraud, malfeasance, subornation of perjury, tampering with a witness in official proceedings, etc.) to a Federal Grand Jury,
- 2.) Seeking a writ of mandamus from the appropriate Court of competent jurisdiction ordering the IRS to do what the law requires,
- 3.) Filing a criminal lawsuit in the appropriate Court of competent jurisdiction naming you personally, other employees of the IRS who have conspired to commit and abetted in crimes against us under the color of law, as well as the IRS directly.

This is my final request and demand for the IRS and its employees to abide by the law.

Sincerely


Steven C. Clift
2829 SW 342nd Place
Federal Way, Washington 98023

Enl: 3176 letters for 1995,1996,1997,2003

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 		A. Signature X <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to: IRS 1973 North Robin White Blvd OGDEN, UT 84404-0040		B. Received by (Printed Name) 	C. Date of Delivery
		D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:	
		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
2. Article Number (Transfer from service label) 7008-0150-0002 1975 0104			

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

EXHIBIT 3

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Exhibit 1
Page 1 of 1

STEVEN C. CLIFT
11220 – 89TH AVE. CT. EAST
PUYALLUP, WA 98373
253-312-8826

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Department of the Treasury
Internal Revenue Service
Fresno, Ca 93888-0010

September 25, 2009

Ref: Notice CP15, Dated August 10, 2009
Tax Year 1995 & Civil Penalty for Frivolous Tax Return

Dear Automated Collection System

I have tried to clear this misunderstanding with the pass four letters. Let me once again state that my 1040 filed is correct and in no way is it Frivolous.

To state that my Return is Frivolous it must come under the following six items as listed by the Office of Chief Counsel in Memorandum 200107035.

Internal Revenue Service Office of Chief Counsel Memorandum 200107035:

"Section 6702 of the Code was enacted by the Tax Equity and Fiscal Responsibility Act of 1982, P.L. 97-248, 96 Stat. 324. According to the Senate Report, S. Rep. No. 97-494, Vol. 1, 97th Cong., 2d. Sess. 277 (1982), the penalty is intended to attack a variety of tax protest activities including:

- (1) irregular forms 1040 not in processible form because of altered or incorrect descriptions of line items or other provisions;
- (2) references to spurious constitutional arguments instead of required completion of a tax form;
- (3) forms on which there is incomplete information to calculate tax liability;
- (4) presentation of information which is clearly inconsistent, such as the listing of only a few dependents by a person who claims 99 exemptions;
- (5) "gold standard " or "war tax" deductions; and
- (6) deliberate use of incorrect tax tables."

and,

"Virtually all of the authority for treating a signed Form 1040 as a nullity relies upon the fact that the taxpayer refused to provide any information pertaining to his or her income, or provided de minimis income information and accompanied the purported return with tax protestor type arguments."

My return contains done of the above mentioned items.

As noted below; My Return contained all the information required to calculate tax liability.

Internal Revenue Service Office of Chief Counsel Memorandum 200114033:

"[T]he Ninth Circuit Court of Appeals held in *United States v. Long*, 618 F.2d 74 (9th Cir. 1980), that a return containing zeros on most of the lines and signed by the taxpayer without modifications, additions, or deletions to the attestation statement [such as to render the affirmation as to what is reported on the return in doubt] would be sufficient to calculate tax liability, and, therefore, constitute a valid return."

Also note that I gave no spurious constitutional objections as noted below:

[T]he legislative history of § 6702... ..indicates that the frivolous return penalty was meant to apply to returns "in which many or all of the line items are not filled in except for reference to spurious constitutional objections." S.Rep. No. 494, 97th Cong., 2d Sess. 278, reprinted in 1982 U.S.Code Cong. & Ad.News 781, 1024. *Leogrande v. U.S.* 811 F.2d 147 C.A.2 (N.Y.) (1987)

Correct your records and Process my 1040EZ for 1995 and refund the amount that was withheld with interest and vacate the illegal Civil Penalties shown.

Sincerely

Steven C. Clift
31905 34th PL SW
Federal Way, Wa 98023

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CONSTRUCTIVE NOTICE OF CONDITIONAL ACCEPTANCE

Certified Mail 7007 1490 0003 8572 7477

1995,1996
2003,2004
2005,2006
2007,2008

IRS
ACS SUPPORT
P.O.BOX 24017
FRESNO, CA 93779-4017

May 2, 2011

Your Letter 1058
Case Reference Number 7895957943
Your letter received April 30, 2011

Dear ACS Person that reads this Conditional Acceptance

I am writing in response to your unsigned letter 1058 in which you are attempting to coerce me into accepting your illegal declaration. I can assure you that I will never be cowed or intimidated by brazen threats.

I have responded to every contact from the IRS, It is not me that has not responded, it is the IRS that has delayed and impeded the administration of the Federal Tax Laws by refusing to acknowledge my lawfully filed Form 1040's.

I will conditionally accept the IRS contract and will pay any additional taxes for which I am lawfully liable upon the IRS's Presentment of the following:

1. Presentment of the taxable activity which I am alleged to have engaged in.
2. Proof of claim that I did not file a true and correct 1040 for the years in question.
3. Proof of claim that I did not accurately account for all receipts under the excise laws of the United States.
4. Proof of claim that the IRS has sworn, first-hand testimony of receipts I received that contradict my sworn first-hand testimony in my 1040 filings.
5. Proof of claim that the IRS has factual knowledge of my private finances superior to my own.
6. Proof of claim that I have violated a known legal duty.
7. Proof of claim that the IRS has a true and correct record of assessment that shows the signature of the assessment officer, so that I may determine for himself the assessment's complete compliance with all related provisions of law, and verify or refute his personal liability.

You have thirty (30) days from receipt of this Conditional Acceptance to respond point by point via a


sworn affidavit, under your full commercial liability. The IRS's presentment and/or proof of claim must be certified, and hand signed under penalty of perjury by a properly authorized/delegated IRS agent stating that the facts contained therein are true, correct, complete and not misleading.

Mere declarations are an insufficient response, as declarations permit lying by omission and hearsay, which no honorable draft may contain. If an extension of time is needed to properly answer, please request it in writing. Failure to respond will be deemed as an inability to prove your claim, thereby indicating that my 1040 returns are true, correct, and complete and no debt is owed.

I choose not include my phone number as I want all communications in writing.

This letter constitutes constructive notice to the recipient.

Sincerely



Steven C Clift
1911 SW Campus Dr #198
Federal Way, WA 98023

EXHIBIT 4

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EXHIBIT 4

Under Internal Revenue Service office of chief counsel memorandum 200107035 we find an explanation and rules for making determination of a frivolous return:

Sec. 6702 of the code was enacted by the Tax Equity and Fiscal Responsibility Act of 1982, P. L. 97 – 248, 96 Stat.324. According to the Senate Report, S. Rep. Number 97 – 494, volume 1 97th Congress, 2nd session 277 (1982), the penalty is intended to attack a variety of tax protest activities including:

- (1) irregular forms 1040 not in processable form because of altered or incorrect descriptions of line items or other provisions;
- (2) reference to spurious constitutional arguments instead of required completion of a tax form;
- (3) forms on which there is incomplete information to calculate tax liability;
- (4) presentation of information which is clearly inconsistent such as the listing of only a few dependents by person who claims 99 exemptions;
- (5) “goal standard or “war tax ” deductions; and
- (6) deliberate use of incorrect tax tables.”

Since the IRS never complied with the process set out to determine a “frivolous claim” as is pled, we find the burden of prove there were frivolous claims made passes to the IRS.

I must quote an Internal Revenue Service office of chief counsel in a memorandum 200114033:

“the Ninth Circuit Court of Appeals held in United States the long 618 F.2d 74 (9th Cir 1980), that a return containing zeros on most of the lines and signed by the taxpayer without modification, additions, or deletions to the ascertainable statement [such as to render the affirmation as to what is reported on the return and doubt] would be sufficient to calculate tax liability, and, therefore, constitutes a valid return.”

1 If our suspicions are true that the determination that the return was frivolous was based on the
2 zeros on the return then of course the Ninth Circuit Ct. had no difficulty in determining that that
3 return that it was looking at was not frivolous.